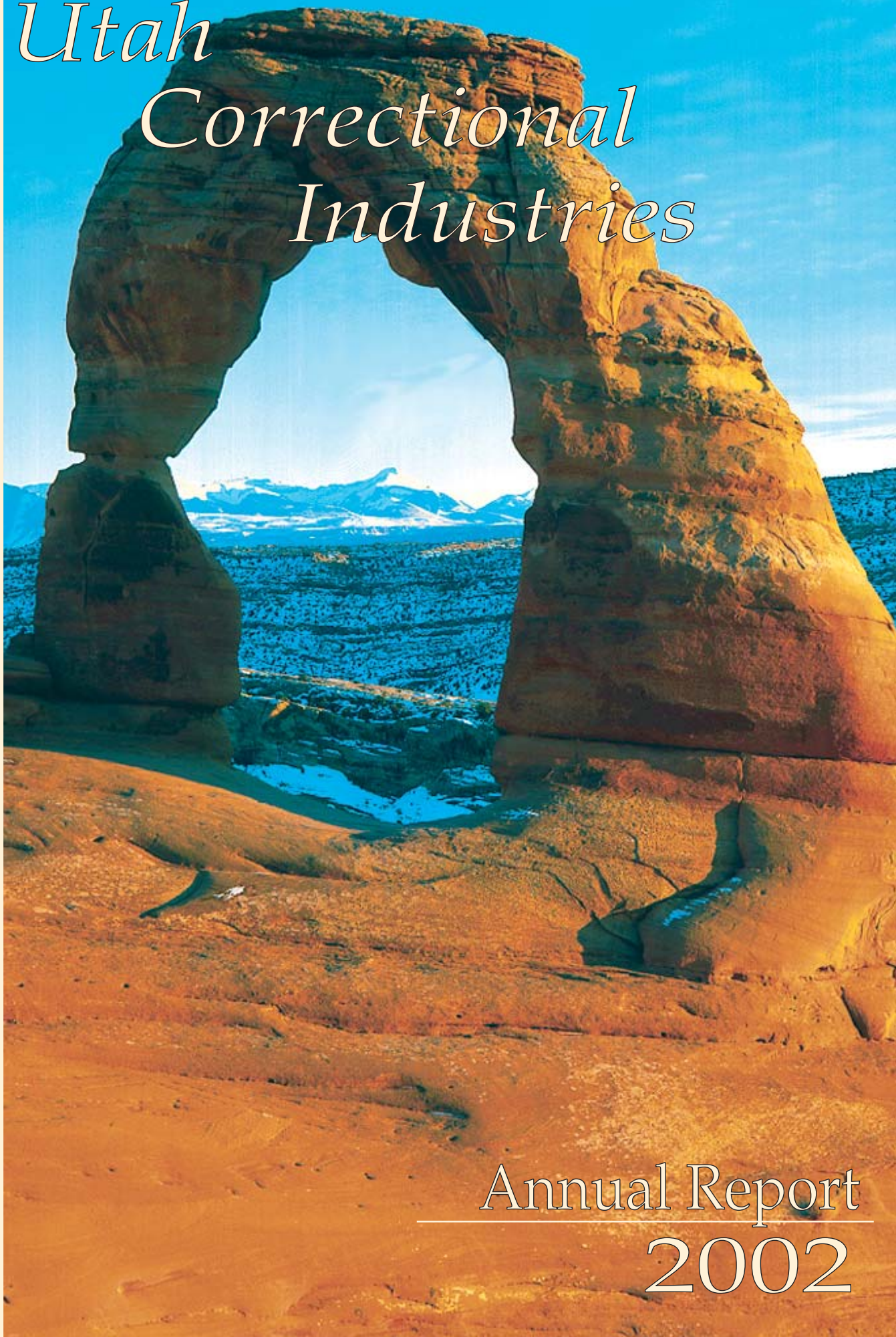




# *Utah Correctional Industries*



*Annual Report*  
*2002*

Letter from the Executive Director of UDC	1
Letter from the Director of UCI	2
UCI Advisory Board Members	3
UDC Mission Statement	4
UCI Mission Statement	5
A look back at our accomplishments	6
UCI Operations	
Internal	7-19
External	20-30
Statistical Information	31-51



Mike Chabries  
*Executive Director*  
*Department of Corrections*

Michael O. Leavitt  
*Governor*

David Worthington  
*Director*  
*Utah Correctional Industries*

What an exciting year it has been for UCI. This year has seen the appointment of a new director, working on the 2002 Olympics by providing manpower and services, and working through the challenges of reduced revenues due to State budget shortfalls. Through it all UCI kept focused on the mission of the Department of Corrections to protect the community and guide the offenders to become law-abiding citizens.

Utah Correctional Industries is a vital component of the re-entry initiative of the Department of Corrections. UCI provides work assignments in manufacturing, construction and service industries. These programs teach skills that will enable inmates to obtain gainful employment upon release from prison.

UCI has a two-fold legislative mandate to be financially self-supporting and to provide training and job skills that can translate into employment in the private sector. UCI continues to move forward in the development and implementation of a certified training program. I applaud the efforts of the dedicated correctional industry professionals of UCI for the manner in which they tackle the complex issues they face.

I would like to express my thanks to the many state and local agencies that continue to support this worthwhile effort through the purchase of the goods and services provided by UCI. Your support really helps to make a difference in community safety and offender success.

Sincerely,

Mike Chabries, Executive Director  
Utah Department of Corrections

**Utah!**  
*Where ideas connect™*



# Letter from

UCI Director  
David Worthington



Michael O. Leavitt  
Governor

David Worthington  
Director  
Utah Correctional Industries

Mike Chabries  
Executive Director  
Department of Corrections

Dear Friends and Stake Holders of Utah Correctional Industries:

We are pleased to present and recount in this Annual Report the success UCI has had during the past year. Utah State Code requires UCI to be financially self-sufficient. The major focus for this division for the year has been to strive to accomplish that mandate. UCI is pleased to report we have achieved this goal. During the past year UCI increased its sales by 4%, but has also reduced its expenses by 5%. As such, UCI was able to add to a nearly depleted retained earnings account allowing some comfort in our financial position.

As UCI has strived to achieve financial success it has continued to employ about the same number of inmates in the 24 business units it manages. There are approximately 600 inmates employed, which is about 26% of the work capable inmate population. We are proud that as expenses were reduced, a minimal impact on inmate employment was recognized.

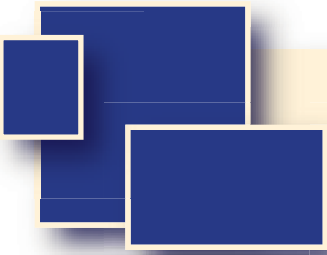
UCI is very dependent on the dedicated professionals that work in the various business. It is their skills, commitment and willingness to sacrifice that has helped UCI achieve the successes it has had. This past year has seen a major down sizing in the number of FTEs available to do the work. But in all instances UCI employees have risen to the challenge and have taken on the additional workload.

UCI staff and inmates are appreciative of the efforts and consideration that has been given to us by you the customer. For it is with your support that we are able to continue to support a program that helps offenders to increase the possibility of returning to society as a law abiding citizen and making a positive contribution to the community.

Sincerely,

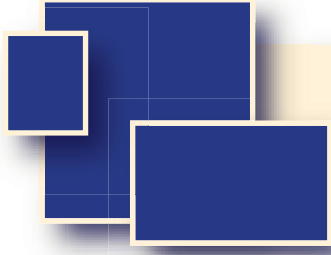
D. David Worthington, Division Director  
Utah Correctional Industries

**Utah!**  
Where ideas connect™



# UCI Advisory Board

- Chairman ..... Boyd Fife
- Senate Representative ..... Leonard Blackham
- House Representative..... Vacant
- Labor Representative ..... Lowell Nelson
- Department of Corrections ..... Scott Carver
- Public Representative ..... Kent Larsen
- Public Representative ..... Vacant



# Utah Department of Corrections

## Mission Statement

---

We are corrections professionals, dedicated to protecting our community by enforcing the orders of the Court and the Board of Pardons and Parole. We are also dedicated to guiding offenders to become law-abiding citizens through the use of professional and community resources.

## Primary Initiatives

---

1. Invest in Employees
2. Community Safety
3. Institutional Safety
4. Help Offenders Succeed



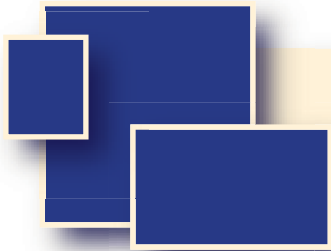
# *Utah Correctional Industries*

## Mission Statement

Utah Correctional Industries is a self-supporting division of the Department of Corrections that contributes to the protection of society by training offenders in work skills, which enhance their employability as law-abiding citizens.

## Values

- Where the customer is impressed by the products and services provided, sold and marketed.
- Where the offenders are prepared for post release employment.
- Where the employees are passionate and proud of what they do, promoting UCI's success.
- Where we all seek to be cost efficient and strive for additional business opportunities.



## A look back at our *Accomplishments*

A year ago UCI was facing a serious financial crisis. The fiscal year ended with a \$350,000 deficit and used up all but \$17,000 of the retained earnings. Starting out the New Year with only \$17,000 in the bank and a sales forecast that was less than optimistic wasn't the most desirable position to be in and it was obvious changes had to be made. UCI is mandated by the Legislature to be profitable and some hard decisions had to be made concerning how to turn the profit picture around. In July of 2001, Director Clasby started to reduce costs by moving several correctional officers to DIO. In September Mr. Clasby announced his retirement from UCI and was replaced by an interim director, David Worthington. In November Executive Director Chabries appointed David Worthington to be the Director of UCI. David implemented several changes including a restructuring of the organization. In conjunction with the organizational changes, several cost reduction measures were implemented, and following is a summary of the reductions.

- " Closed down the Duchesne County Jail upholstery operation.
- " Fourteen Vehicles returned to Fleet Services.
- " Streamlined the organization
- " Reduced staff by 24 FTE's (Full Time Equivalent)
- " Tightened up on purchases.

The largest cost savings were realized in the reduction of staff. Of the 24 reductions only one was through the Reduction-in-Force process, and that individual was able to find state employment with another agency. The rest of the reductions were through transfers to the Division of Institutional Operations or through attrition. It was estimated that the reduction in staff alone would result in an annual savings of over 1.2 million dollars.

Along with the efforts to reduce costs, steps were made to increase revenues. Some of those efforts were;

- " Addition of two new Community Work Crews.
- " Increased pricing on furniture and seating to be more in line with the market.
- " New inmate participant pay plan.
- " Increased Community Work Crew fees.
- " Open a new electronic recycling operation at CUCF.

Since implementation of these measures the financial picture has improved dramatically. The initiatives and direction from the new Director, coupled with hard work and commitment from the rest of the staff at UCI, have pulled UCI out of the red and the year will end on a very positive note.

During the past fiscal year UCI donated nearly \$3000 worth of goods and services to various agencies and groups.

Additionally UCI is working on it's branding and has revised the logo and changed the slogan. The new slogan is, "Serving YOU-tah... Working to make a difference." That truly is our goal at UCI.





# *Internal Operations*

Blueprint Scanning	Scans drawings and blueprints
Computers for Schools	Refurbishes and upgrades publicly donated computers
Data Entry Services	Provides electronic data keying of documents
Furniture Manufacturing	Produces desks, credenzas, bookcases, tables, etc.
License Plate Production	Produces plates for Utah vehicles
Micrographics Services	Microfiche filming of original documents
Printing Services	All facets of a full-service printer
Seating & Upholstery Production	Task, lounge and general office seating
Sign Production	Interior and exterior signs
Electronic Recycling	De-manufacturing of electronic components
Textile Production	Manufactures clothes and other items for prisons
PSPIE	Private Sector Prison Industries Enhancement

# Blueprint Scanning

The Scanning Operation started in 1999 as a joint venture with the Department of Facilities and Construction Management. Inmates in this program convert existing drawings and blueprints of State owned buildings into electronic images that are stored on CD disks for reference, updating and archiving.

UCI provides high-contrast black and white or grayscale scanned raster images from original or blueprint drawings. These images are stored on CD disks for archiving and reference. In the process, UCI edits raster images performing the cleanup of illegible text, unclear line work and other imperfections due to poor source materials or scanner limitations. For the second phase of the project, UCI begins adding additional information to the images such as building changes, modifications or other information that would be deemed vital in the archiving of building and engineering data.



 *Blueprint Scanning*

The transfer of hard copy into electronic data is quickly becoming a top priority to many state and local governments. Offenders entering the job market with these skills will have an opportunity to earn a livable wage, thus increasing the likelihood that they will not return to prison.

"Inmates... convert existing drawings and blueprints... into electronic images... "

Blueprint Scanning	FY '00	FY '01	FY '02
Revenues	\$ 63,517	\$ 32,783	\$ 4,334
# of Participants	8	8	7

# Computers for Schools

Computers are the gateway to the 21st century. Utah school children need the keys to open this gate. The Computers for Schools program utilizes inmates to refurbish donated computer equipment. This equipment is then sold to Utah schools, often at a cost of as little as \$100 for a complete set-up. The training that the inmates in this program receive is invaluable. UCI is looking for more opportunities in this field.

In 1998 the Utah Legislature granted \$500,000 dollars to the Utah Office of Education, earmarked for the Utah Correctional Industries' Computers for Schools (CFS) program. Shortly afterwards CFS began production at the State Prison in Gunnison. From October 1998 through June 1999, the program placed 1,100 computers in Utah's classrooms.

The inmates in this program are highly skilled. Self-esteem is enhanced as these inmates have the satisfaction of knowing that they are instrumental in achieving Governor Leavitt's goal of "a computer in every classroom." Industries donate used computers and equipment to the program; UCI picks up the equipment. All of the equipment is thoroughly cleaned and refurbished by the UCI inmate technicians.



 *Computer Technician*

"Computers are the gateway to the 21st century."

CFS	FY '00	FY '01	FY '02
Revenues	\$ 794,019	\$ 480,139	\$ 123,256
# of Participants	30	31	18

# Data Entry

Today, Utah government agencies process millions of forms. The work is repetitious and time-consuming, but these forms must be processed quickly and accurately so the applicant can receive whatever it is they are requesting.

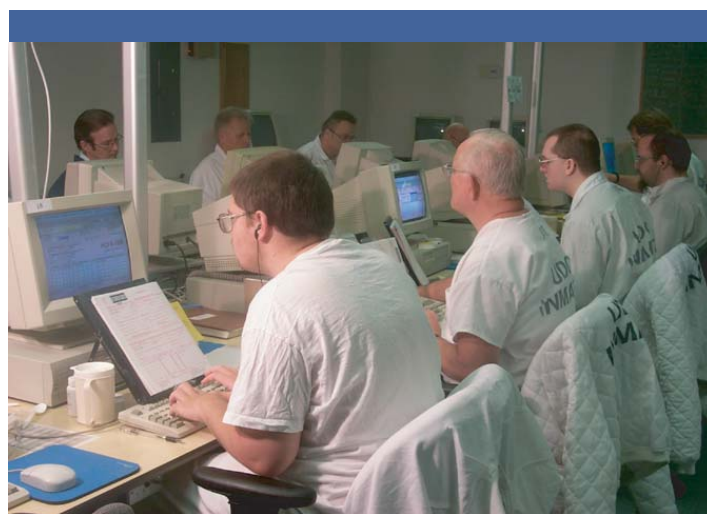
The UCI Data Processing Operation matches, and in many cases, exceeds the keystroke speeds found in the private sector. Furthermore, our data entry inmates proudly boast of an error rate that is below the industry average.

The Department of Health and other state agencies have been using UCI data entry services for years. Our customers have found that our UCI data center is a cost-effective way to quickly transfer data from hard copies to digital formats.

Every day, the UCI Data Entry Operation trains inmates to transcribe handwritten or typed information from state forms into a format that can be read by a computer program. The bulk of the work is done on Medicare claims for the Department of Health. All transcribed material is tracked and immediately returned to the client in the time frames agreed upon. Much of the time, this means a 24-hour turnaround.

On average, UCI inmates maintain 4,500 key strokes per hour / per inmate. Currently the input range is 4,500 to 5,191 key strokes. Workers are motivated because they know that data entry is a skill that can transcribe in job opportunities after they are released from prison.

UCI has switched from an ASCII format to the standard PC language. This conforms with what is now used in private sector data processing companies. It will also allow workers to be more accurately compensated on a piece rate system for speed and accuracy.



Data Entry	FY '00	FY '01	FY '02
Revenues	\$ 257,891	\$ 120,979	\$ 119,343
# of Participants	42	47	28

Data Entry

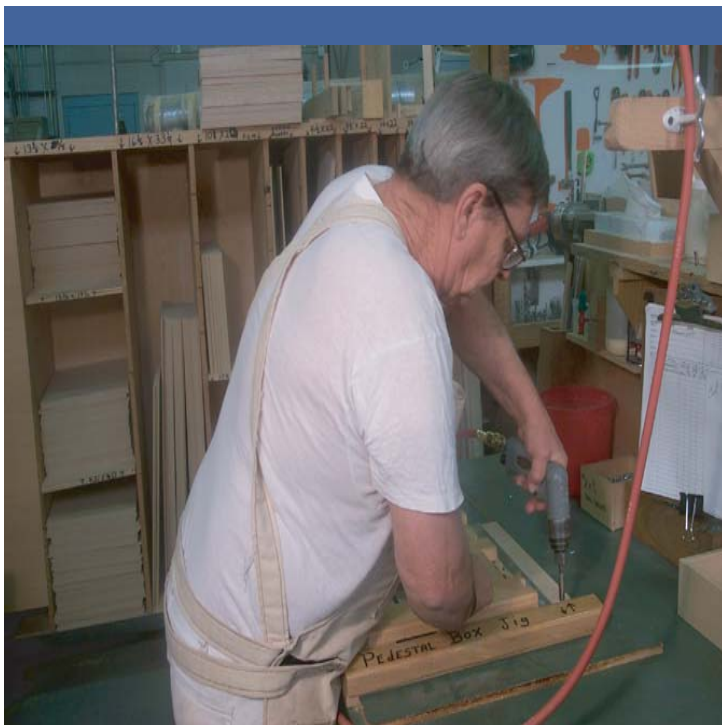


# Furniture Operation

The Furniture Operation produces several styles of long-lasting furniture. From free-standing, custom modular to traditional and classic items, this furniture is made from the finest quality woods and finished with extremely hard catalyzed lacquers or laminates.

Quality checks at each work station, and again upon delivery, ensure the very best furniture at the most reasonable prices. Our combination of quality and price cannot be matched.

The furniture shop is one of the oldest operations in UCI and has been producing fine quality furniture for decades. The furniture shop has evolved into a modern manufacturing plant with state of the art equipment and production methods. Gone are the days of buying and assembling kits. The furniture today is manufactured from the highest quality raw materials and designed using AutoCad. The shop is housed in a 29,000 square foot building located in the Draper South Point complex.



 Furniture Assembly



 Furniture Operation

Furniture Operation	FY '00	FY '01	FY '02
Revenues	\$ 1,110,500	\$ 859,856	\$ 1,076,745
# of Participants	53	71	45



# License Plate Production

The most commonly produced plates are: "Ski Utah," "Utah Centennial," and "Utah 2002 Olympics." Any of these plates can be *personalized* by adding your choice of numbers and letters. *Personalized* plates must be special ordered from the "Tax Commission.

*Specialized* plates are also available. They include: "Collegiate," with your choice of state college logos; "Armed Forces" logos; "Fish and Game," where you choose animals or nature scenes for your plate; and, "Radio" which display your ham radio license number.

The inmates who make license plates at UCI call themselves the "Plate Busters". Working for one of the most efficient operations in UCI, these men produce almost one million plates a year in two dozen different formats.



 Plate Buster

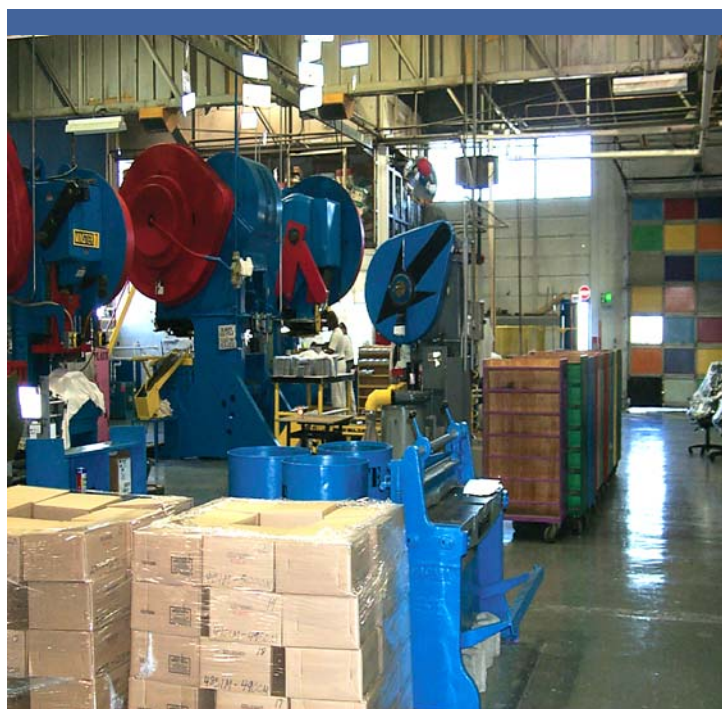


 Plate Plant

Plate Plant	FY '00	FY '01	FY '02
Revenues	\$ 1,549,075	\$ 1,687,763	\$ 1,903,049
# of Participants	8	13	14

"Inmates who make license plates at UCI call themselves the Plate Busters"

# Micrographics

*T*he Micrographics Center works with Utah State Archives and other State agencies to meet their obligations involving documented and scheduled retention and destruction of records.

The Center also provides State agencies and others with a quick and easy means of accessing their current business and client information.

Our Micrographics inmates rely on team work and a tight schedule to complete projects and have a reputation for professionalism.



"Our micrographics inmates rely on team work..."

 *Micrographics*

Micrographics	FY '00	FY '01	FY '02
Revenues	\$ 59,363	\$ 73,647	\$ 43,992
# of Participants	7	8	4

# Printing Services

Since 1968, Utah Correctional Industries has seen phenomenal growth in its printing services. Production has grown to over 33.4 million printing impressions a year. Order turnaround has been reduced by one third.

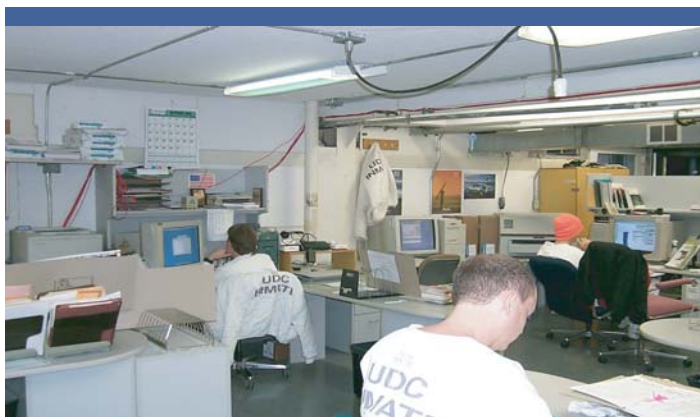
The Printing Operation performs printing services that include forms, letterheads, newsletters, NCR forms, and most other printing needs.

The UCI Printing Operation works with a variety of clients including: Sandy City, Department of Health, Attorney General's Office, Salt Lake County, State Tax Commission, Murray City Police, Third District Court. All State and local government agencies.

UCI Printing Services operates a full-service offset print shop dedicated to printing for all agencies of the State of Utah, as well as all counties, cities, and towns and any other tax supported organization.

UCI Printing has skilled craftsmen instructors who teach, supervise, and encourage inmate participants to provide you, our customers, with quality products and efficient delivery times.

Our Print Shop excels in providing useful training that translates into employment opportunities after release from prison.



 Typesetting

"Production has grown to over 33.4 million printing impressions a year."

Print Shop	FY '00	FY '01	FY '02
Revenues	\$ 991,485	\$ 1,111,697	\$ 1,058,164
# of Participants	48	37	49

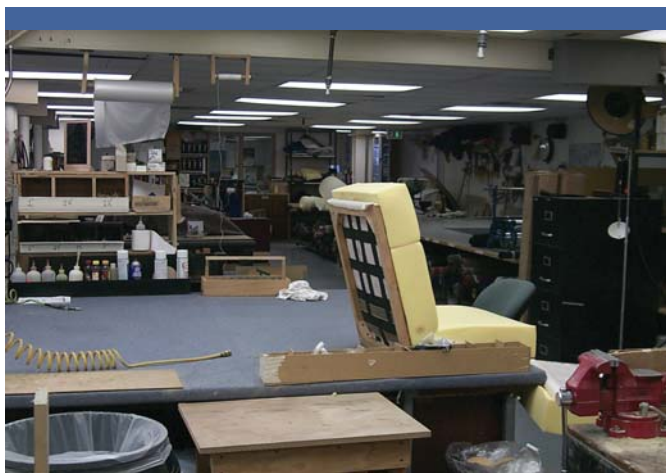


# Seating & Upholstery

The Upholstery Shop manufactures a full line of upholstered products. The shop uses top of the line kits to produce ergonomic and affordable seating. In addition to manufacturing from kits, the Upholstery Shop produces several lines from the ground up making the components in house. The fabric selections are almost endless. The skills learned range from simple upholstery on an upholstered stacking chair to complex diamond tufted patterns. The inmates learn to work with all types of fabric, vinyl, and leather. The Upholstery Shop can also handle any kind of re-upholstery work.



 Upholstery



 Upholstery



 Upholstery

"The Upholstery Shop manufactures a full line of upholstered products."

Seating & Upholstery	FY '00	FY '01	FY '02
Revenues	\$ 438,575	\$ 485,679	\$ 518,268
# of Participants	13	8	16

# Sign Production

One of the oldest industries at the Utah State Prison, the UCI Sign Operation has been providing signage to the State since 1960.

Major customers for the UCI Sign Operation are State agencies, especially UDOT, Utah schools, and the National Forest Service.

The UCI Sign Operation produces a wide variety of signs and related products for government agencies and private industries across the nation. Because our sign shop is a designated cost center operating under the guidelines of Prison Industries Enhancement Program, we are also allowed to sell our signs to the private sector. Even though we have these rights, UCI is always cautious not to have any adverse effect on local private industry.

Today the Sign Operation is capable of producing interior and exterior office, architectural, regulatory, warning, school, construction, industrial, safety, street, recreation, specialty, ADA, and braille signage, along with a variety of decals and labels.

The UCI Sign Operation is also a manufacturer and installer of Systems 2/90 modular facility and Howard Industries Architectural signs.



Sign Shop

Sign Shop	FY '00	FY '01	FY '02
Revenues	\$ 1,177,800	\$ 980,472	\$ 1,024,677
# of Participants	21	19	20

"...the UCI sign operation has been providing signage since 1960."



# Electronic Recycling

This new service operation opened last year in at the Central Utah Correctional Facility in Gunnison. UCI has contracted with Nxt-Cycle to de-manufacture electronic devices such as computers and televisions. The products to be de-manufactured are delivered to the site in Gunnison where they are taken apart and the components separated for salvage. This operation provides a valuable environmental service by reclaiming and recycling glass, plastic and metal components, which would otherwise end up in landfills as hazardous waste.



"This operation provides a valuable enviromental service..."

Electronic Recycling	FY '00	FY '01	FY '02
Revenues	N/A	N/A	\$ 97,786
# of Participants	N/A	N/A	31

# PSPIE

## P rivate Sector Prison Industries Enhancement Programs (PSPIE)

In accordance with federal guidelines, UCI's private sector partnership programs pay inmates prevailing private sector wages. These federally certified programs require that the inmates make regular contributions to the cost of their incarceration. Inmates participating in these programs must pay state and federal taxes, room and board, and pay into the Crime Victims Reparation Fund. These programs provide valuable work skills to the inmates.

UCI currently has three PSPIE programs:

- \* *Northern Outfitters*
- \* *Hi-Tech Fisheries*
- \* UCI Sign Shop

*Northern Outfitters* has been a partner with UCI since 1995. *Northern Outfitters* manufactures cold weather clothing and other lines of apparel. In addition *Northern Outfitters* does contract sewing, and embroidery work. *Northern's* products are shipped worldwide. *Northern Outfitters* is one of the largest shops in UCI in terms of the number of jobs provided to inmates. *Northern Outfitters* is a great community supporter. Last winter an inmate approached *Northern's* management with an idea to produce fleece hats, coats and gloves for the homeless. The inmates donated time and money for materials and *Northern* donated staff and shop time for the project. Over 1000 items were produced and distributed to various homeless shelters through the Salvation Army. This is just one example of *Northern Outfitters* commitment to community service.

*Hi-Tech Fisheries* has been a partner with UCI since 1999. *Hi-Tech* is a distributor of tropical fish to retail outlets in the western United States. The fish are shipped to *Hi-Tech* from several locations around the United States and abroad. The fish are acclimated in the holding tanks and shipped out to customers throughout their area of operation. Warm water for the operation is provided by a geothermal well located on prison property. UCI provides inmate workers to *Hi-Tech*.

PSPIE	FY '00	FY '01	FY '02
Revenues	\$ 2,632,032	\$ 1,953,821	\$ 1,679,897
# of Participants	329	180	110

"UCI currently has  
three PSPIE programs."

# Textile Operations

UCI produces a large assortment of uniforms, coats, mattresses, and pillows for every institutional need. Customized orders are also available.

UCI provides a large selection of high-quality materials and precision workmanship.

Quality inspections at every phase of the manufacturing process ensures you a product produced with our commitment to provide you with the best products and services available today. Our Textile Operation is located at the Central Utah Correctional Facility (CUCF) in Gunnison, Utah.

Daily, there are 15 inmates learning textile and sewing skills at this plant. They complete a variety of tasks that must be accomplished to insure that each article meets industry standards. Some workers sew, cut, hem and assemble while others bundle, apply lettering and do clerking duties.



 Sewing Machine Operator

Serving YOU-tah, Working to Make a Difference

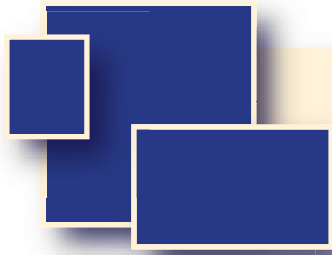
19

"Daily, there are 15 inmates learning textile & sewing skills at this plant."



 Textiles

Textiles	FY '00	FY '01	FY '02
Revenues	\$ 178,507	\$ 237,436	\$ 200,879
# of Participants	12	15	14



## *External Operations*

Asbestos Abatement

Removal of asbestos from structures

Beverage Processing

Processes & packages drinks & dairy products

Community Work Crews

Inmate crews providing labor to various agencies

Construction

Demolition, building erection & remodeling

Meat Processing

Processes meat products for use in government facilities

Pavement Crack Sealing

Sealing of cracks in asphalt paving

Roofing Services

Replacement of various types of roofs

Waste Recycling

Sorting of recyclable waste

Fire Fighters/Lone Peak  
Nursery/Wildland

Fire suppression, conservation and reclamation

Reach Program

REhabilitation through Affordably  
Constructed Housing



# Asbestos Abatement

Asbestos abatement crews began operation in 1987 as a sub-contractor for the Division of Facilities and Construction Management (DCFM).

The key to UCI's success is in providing productive teams of highly trained inmates who are low security risks, combined with experienced and trained security personnel.

UCI asbestos inmates and staff are given intensive certified asbestos removal training in order to provide this service.

UCI has trained its inmate workers according to strict State and Federal certification processes, with both classroom instruction and hands-on practical training. With this training workers can safely secure an area from airborne asbestos particles while they remove this hazard from the building. These inmate crew members learn all facets of construction and become certified in asbestos removal by the State of Utah. This certification is rare in the construction community and inmates have reported being able to secure above average paying jobs upon release due to their specialized training and certification. We conclude that the more skilled an inmate can become, the more likely the inmate will integrate successfully into society after release from prison.



 *Asbestos Worker*

"These inmate crew members...  
become certified in  
asbestos removal..."

Asbestos Abatement	FY '00	FY '01	FY '02
Revenues	\$ 714,891	\$ 945,236	\$ 677,842
# of Participants	37	31	33



# Beverage Processing

For the past 40 years, milk processing has been an integral part of supplying the prison with dairy products. By selling the dairy herd in 1996, it afforded UCI the opportunity to purchase new high-tech beverage processing equipment. With the new equipment, UCI is able to package milk and juices in 5 gallon containers, as well as in 8 ounce plastic pouches. The new pouches allow for easy transportation and minimum waste. Lead inmates in this program often become certified by the State as pasteurizers.



Beverage Processing	FY '00	FY '01	FY '02
Revenues	\$ 777,841	\$ 838,953	\$ 916,666
# of Participants	17	12	11

"Lead inmates... often become certified by the state as pasteurizers."

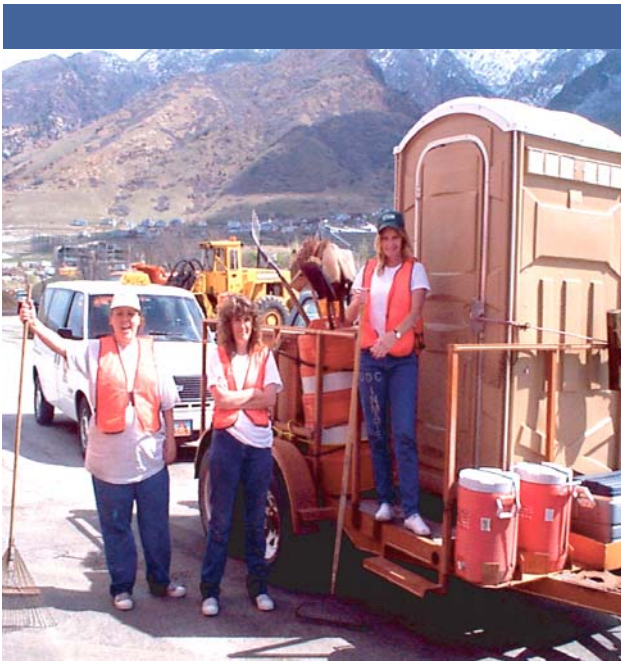
# Community Work Crews

Our off-property crews provide a variety of inexpensive, labor-intensive services to Utah city and State government agencies.

Besides traditional road cleanup activities, these workers also do landscaping, light construction, graffiti removal, snow fence installation, janitorial work, and many other activities that save tax dollars.

This program employs more inmates than any other program at UCI. Hundreds of thousands of dollars are saved every year by our CWC customers.

UCI has several community work crews, including two crews of female inmate workers. We have a variety of customers who lease these crews: the Department of Transportation uses our crews to pick up discarded garbage along major highways; Sandy City has a crew for grounds keeping and maintenance work; UDOT also uses crews to repair and paint UDOT stations throughout the state; and the Utah National Guard has a crew performing custodial work at their facilities. UCI also has a crew repairing potholes and bridges and a paint crew that place and picks up cones on road painting jobs.



 Community Work Crew

"This program employs more inmates than any other program at UCI."

CWC	FY '00	FY '01	FY '02
Revenues	\$ 907,851	\$ 808,369	\$ 860,017
# of Participants	90	82	88



# Construction

The Construction operation was established in 1989 to facilitate construction and remodeling of UCI buildings at the Draper Prison site. In 1997 UCI Construction began contracting with the Division of Facilities and Construction Management (DFCM) to work on other state owned buildings and properties. Experienced construction supervisors that are well versed in government regulations and the latest building codes manage the Construction teams. UCI is licensed by the Department of Occupational and Professional Licensing as a general contractor. During the past year multiple construction projects were completed in various locations around the state resulting in over 22,000 inmate hours, and an average of 15 inmates working per month.



 Construction Job site



 Construction Worker

Construction	FY '00	FY '01	FY '02
Revenues	\$ 5,096	\$ 314,707	\$ 709,419
# of Participants	14	7	15

"...construction projects were completed... resulting in over 22,000 inmate hours..."

# Meat Processing

**M**eat Processing started at the prison in 1962 when cows and hogs were raised at the prison farm to supply meat and milk for the prisoners. In the 1980's UCI took over the operation and found it to be more profitable to purchase slaughtered beef and turkey and then butcher and process the meat to suit the prisons' needs. Meat processing is regulated very closely and is inspected on a daily basis by Federal inspectors.

Currently beef patties, ground meat mixes, breakfast links, sliced salami and beef jerky and other products are produced. Beef jerky is sold through the prison commissary to the inmates. Most of the meat products produced are sold to the state prison system. A small percent of the production is sold to other state agencies.



 Meat Processing



 Meat Processing

Meat Processing	FY '00	FY '01	FY '02
Revenues	\$ 446,179	\$ 502,815	\$ 587,747
# of Participants	9	8	7

# Pavement & Crack Sealing

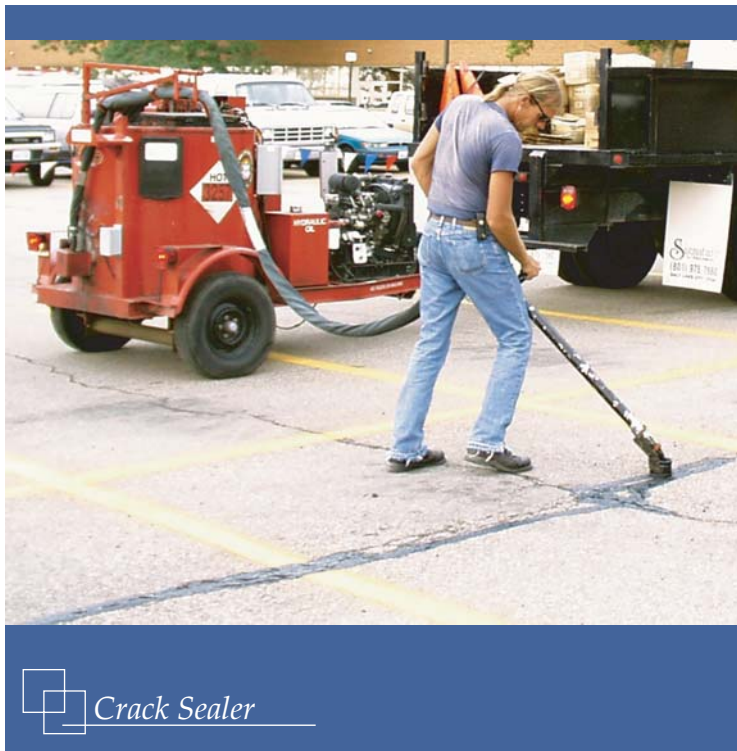
Utah Correctional Industries began its crack sealing operation in 1997 with contracts from DFCM and UDOT. These contracts keep the inmate workers busy all year round.

Winter is the ideal time to work on the roads because the cracks expand to their maximum in the cold, allowing the greatest penetration of the repair material. It's during this time that most of the work is done.

Summers are spent repairing parking lots and pavements at schools throughout the State. DFCM oversees the repairs during this time period.

The UCI 'Crack Seal' crew consists of a supervisor, with a crew of inmate workers, and a fully self-contained vehicle, which includes a compressor, tools, equipment and materials for a full day of continuous crack sealing.

The crew is suited to perform repairs on roads and streets as well as parking lots and pathways.



 Crack Sealer

" Summers are spent repairing parking lots and pavements..."

Pavement	FY '00	FY '01	FY '02
Revenues	\$ 344,883	\$ 244,818	\$ 310,524
# of Participants	4	6	5



# Roofing Services

**B**ecuase of a need for timely repairs and scheduled maintenance of State building roofs, DFCM partnered with UCI in 1993 to form a Roofing Repair Program. UCI now completes the entire project from demolition to a completed sound, weatherproof roof. Whether your needs are asphalt shingles, cedar shakes, metal shakes, metal roofs or single-ply, UCI can give you professional results.

A Certified Corrections Officer supervises each crew of low security risk inmates. These inmates are trained to repair the different types of roofs on State owned buildings.

Because UCI roofing crews are closely supervised, special attention and custom work can be integrated into many roofing projects. UCI is working to cross train the Asbestos, Construction, and Roofing crews to become all-around teams that can arise to any occasion. This concept also benefits the inmates by providing them the training and skills that are marketable in the "real-world".



 Roofing Crew

"UCI now completes the entire project from demoltion to a completed... weatherproof roof."

Roofing Operation	FY '00	FY '01	FY '02
Revenues	\$ 540,893	\$ 423,718	\$ 507,922
# of Participants	15	15	14

# Waste Recycling

As our landfills reach capacity, the sorting of waste materials is critical in preserving and protecting the environment for the future.

UCI inmates are helping to solve this problem by sorting residential, recyclable material before it enters the waste stream.

Federal, State, and local laws have been enacted to mandate a certain percentage of the waste stream be recycled for the protection of the environment. Utah Correctional Industries is providing an inmate work force to perform this labor intensive task. These waste streams include products such as paper, cardboard, plastics and metals. After sorting and processing these materials, they are sold to create recycled products.



Waste Recycling

"...the sorting of waste materials is critical in preserving and protecting the environment..."

Waste Management	FY '00	FY '01	FY '02
Revenues	\$ 396,675	\$ 568,880	\$ 442,247
# of Participants	78	92	83

# Fire Fighters/Lone Peak Nursery

The Lone Peak fire program was established in 1978 and started with one twenty man fire crew. The crews receive extensive training in first aid, CPR, chainsaw use and safety, and actual fire training. The Lone Peak fire program is nationally recognized and respected and Lone Peak firefighters are called to fight fires all over the United States.

In 2000 UCI took over the program from the Department of Corrections. This is the third season UCI has been managing the program in conjunction with the Division of Natural Resources. (DNR)

In response to a fatal fire in Washington State last year the federal government implemented new regulations. The new regulations had a dramatic effect on the Lone Peak fire program. These changes were related to the composition of the fire crews in terms of experience. After looking at the new regulations the only crews UCI could field were type II hand-line crews. In addition to fighting fires the Lone Peak crews are actively engaged in reclamation of fire-damaged areas. Even with the added challenges of the new regulations, the Lone Peak firefighters will have had another successful year.

For additional information about the Lone Peak fire program access their web page at: [www.nr.utah.gov/slf/lonepeak/LPFirefighters.htm](http://www.nr.utah.gov/slf/lonepeak/LPFirefighters.htm)



 Firefighters

In conjunction with the Lone Peak fire program, the DNR operates the Lone Peak Nursery that provides plants, service and quality training to help with conservation and the environment. UCI provides a million seedlings each year. Plants are produced from locally adapted seed sources. Lone Peak Nursery promotes wetland restoration and enhancement through researching new methods of raising plants.

"The Lone Peak fire program was established in 1978."

Firefighters	FY '00	FY '01	FY '02
Revenues	\$ 44,582	\$ 789,595	\$ 623,988
# of Participants	66	79	68

# REACH Program

UCI has recently embarked on a new program that will meet the intent language of the mission statement as well as providing benefits to the citizens of Utah.

The program is called REACH and stands for REhabilitation through Affordably Constructed Housing. This program has been in the development stages since the early part of 1995 when UCI and Salt Lake Community College thought about putting together a carpenter program that would provide certified skills to offenders.

A committee was formed to brainstorm the possibility of creating a program, many ideas were explored and options discussed. The Carpenters Labor Union along with other trades were contacted to see if they would support the creation of the REACH program to provide a labor pool that they could draw from. Approval was given to construct up to 52 homes a year. A public hearing was held and as a result of the hearing it was decided to pursue the creation of the program.

Benefits of the REACH program:

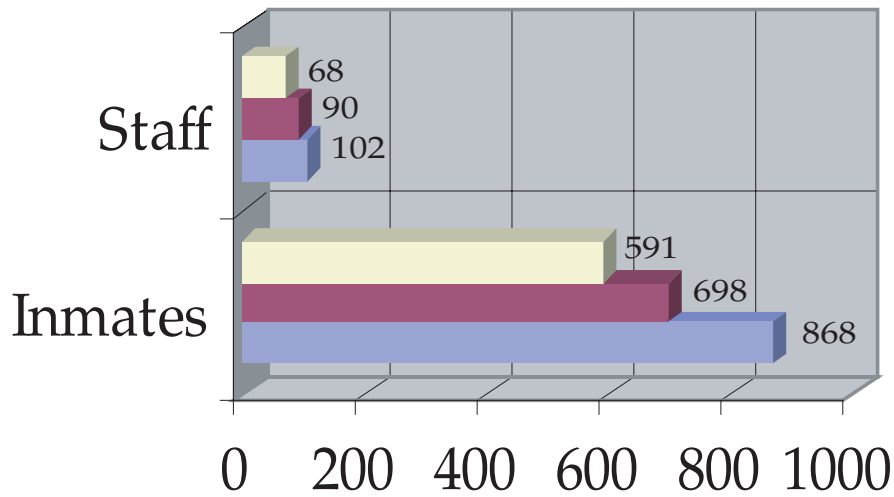
- " Providing affordable housing for low-income families.
- " Providing a two-year associate degree from SLCC, and trade certification to those offenders completing the program.
- " Providing the offender a marketable skill that will help open doors to meaningful employment.
- " Giving the offender the opportunity to provide for his family and create a stable environment for his children.
- " A positive image of contributing to the family and society.

UCI and SLCC are excited about this new program and look forward to providing new homes to low income families and marketable work skills to offenders.



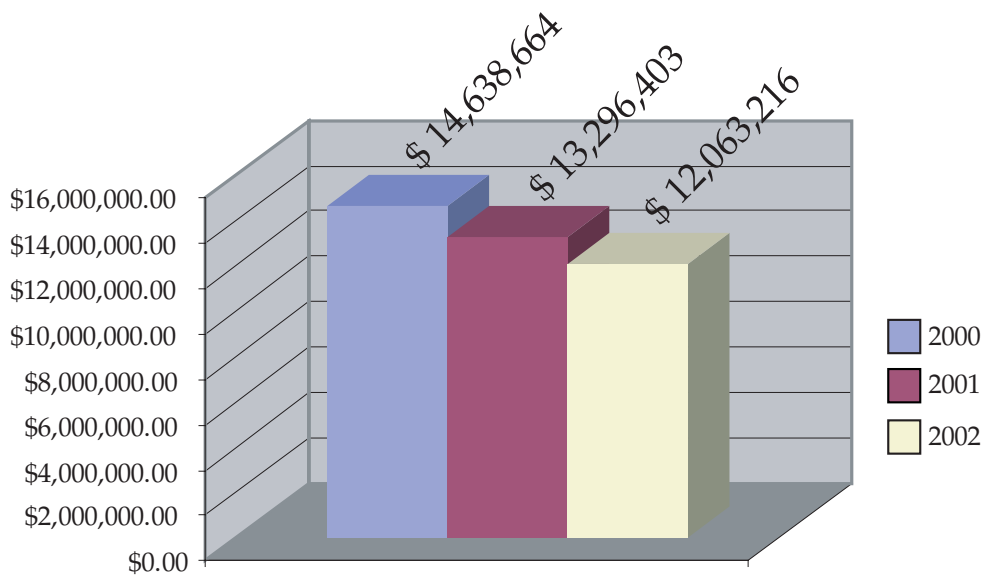
# Statistical Snapshot

## Number of Inmate Participants

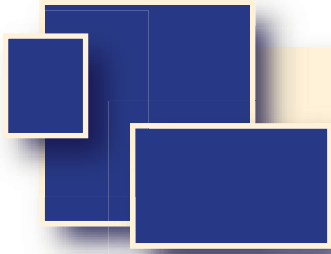


	Inmates	Staff	Ratio
2002	591	68	8.7
2001	698	90	7.7
2000	868	102	8.5

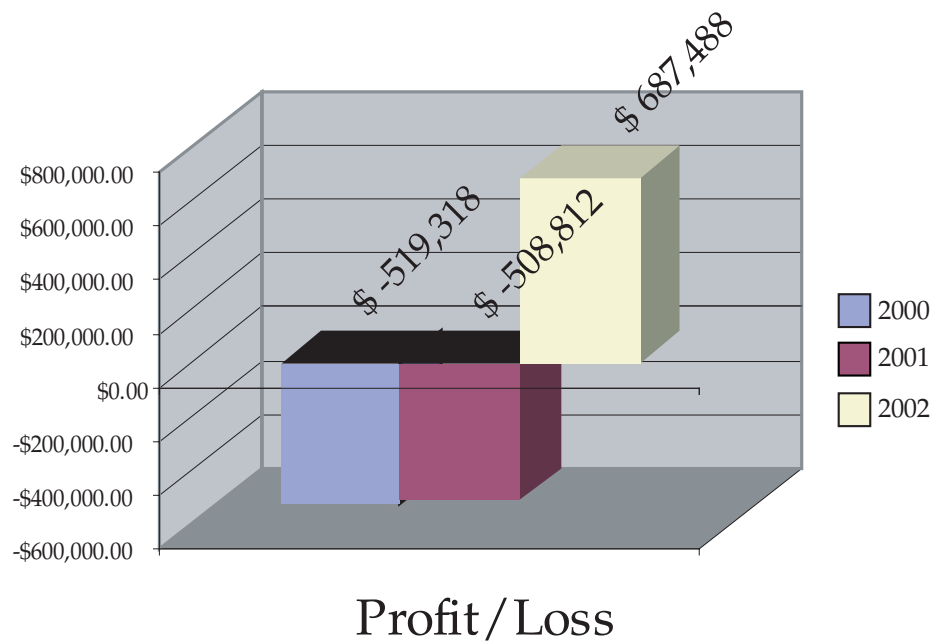
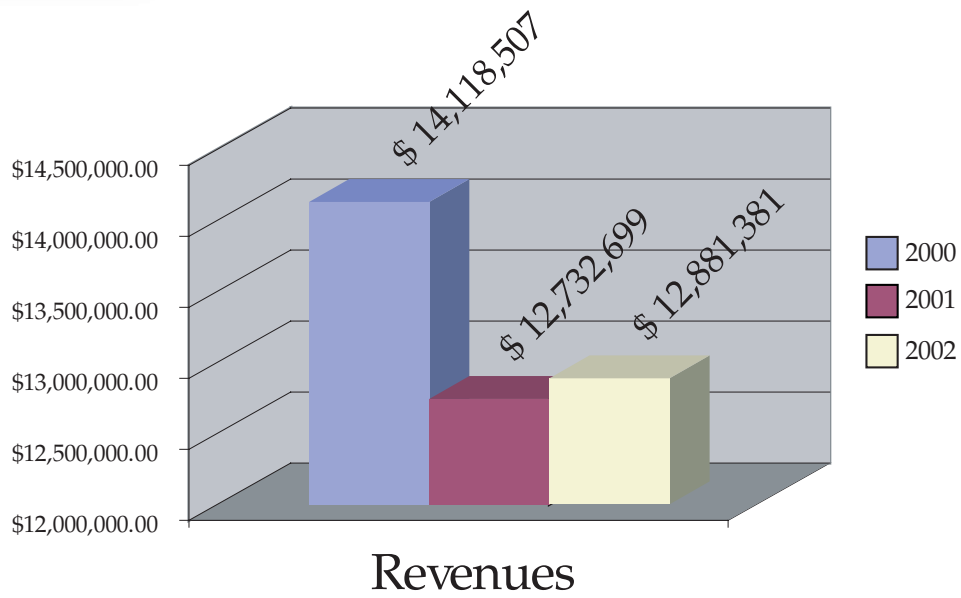
2000 2001 2002



## Expenses

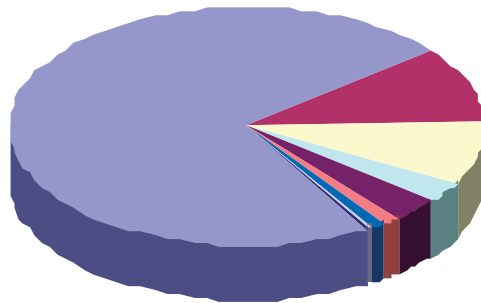


## Statistical Snapshot

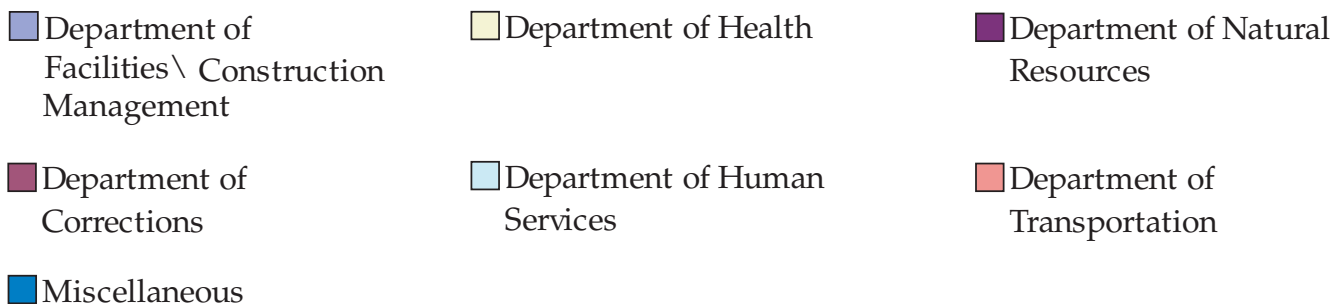
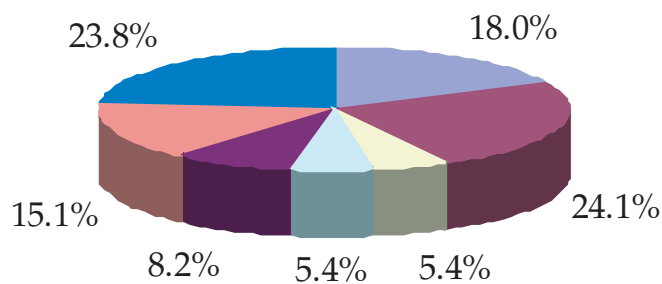


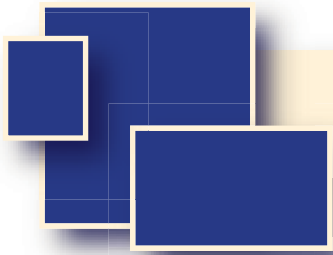
# Statistical Snapshot

## UCI Sales



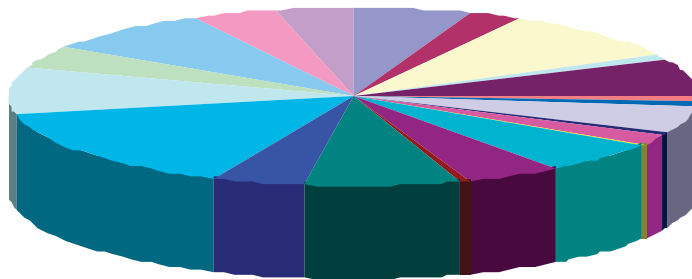
## Sales by State Agency





## Statistical Snapshot

### Sales by Operation



■ Asbestos	\$ 702,369.66	■ Milk Processing	\$ 916,619.63
■ Asphalt	\$ 320,024.44	■ Northern Outfitters	\$ 588,131.15
■ Case Goods	\$ 1,144,441.23	■ Plate Plant	\$ 1,889,651.77
■ Computers for Schools	\$ 123,503.92	■ Print Shop	\$ 1,088,427.62
■ CWC Road Crew	\$ 870,329.22	■ Roofing	\$ 507,476.44
■ Data Entry- Wasatch	\$ 127,695.27	■ Scanning	\$ 4,333.77
■ Electronic Recycling	\$ 97,722.75	■ Sign Shop	\$ 1,025,838.78
■ Fire Fighters	\$ 623,988.04	■ Upholstery	\$ 521,189.01
■ Hi Tech Fisheries	\$ 67,088.86	■ Waste Management	\$ 442,247.04
■ Inmate Uniforms	\$ 202,066.60		
■ Lone Peak Nursery	\$ 37,169.21		
■ Maintenance & Construction	\$ 737,702.67		
■ Meat Processing	\$ 592,406.20		
■ Micrographics	\$ 43,991.54		



B A L A N C E   S H E E T  
June 30, 2002  
UTAH CORRECTIONAL INDUSTRIES

ASSETS			LIABILITIES		
Cash		815,962.19	Accts Pay Trade	328,612.36	
Accts Rec. Non-State		828,957.87	Accts Payable-State	169,587.78	
Due from other Funds control		1,362,477.22	Accrued Payroll	300,186.94	
Inventories		767,218.59	Bonds Payable – CUCF Building	<u>53,279.69</u>	
Prepaid Asset		0.00	Short Term Liabilities		<u>851,666.77</u>
			Long-Term Liability – Bond Payable		
					1,190,000.00
CUCF Building	1,327,254.07				
Depreciation	<u>(32,629.80)</u>	1,294,624.27			
Building Improvement	697,871.24				
Depreciation	<u>(502,858.40)</u>	195,012.84			
Shop & Plant Equip	1,810,959.91				
Depreciation	<u>(1,362,335.37)</u>	448,624.54			
Office Equipment	5,400.00				
Depreciation	<u>(5,400.00)</u>	0.00			
Autos & Trucks	184,265.00				
Depreciation	<u>(153,511.69)</u>	30,753.31			
DP Equipment	187,832.60				
Depreciation	<u>(152,007.34)</u>	35,825.26			
Vendor Software Pkg	8,445.00				
Depreciation	<u>(844.50)</u>	<u>7,600.50</u>			
TOTAL ASSETS		<u><u>5,787,056.59</u></u>	TOTAL LIABILITIES AND EQUITY		<u><u>5,787,056.59</u></u>

EQUITY

Contributed Capital	3,102,897.72	
Retained Earnings	17,224.57	
Profit/(-Loss)	687,487.85	
Prior Period Adjustment	<u>(62,220.32)</u>	
TOTAL EQUITY		<u>3,745,389.82</u>

Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30, 2002

Sales	12,522,710.11
Service Fees	358,671.04
Cost of Goods Manufactured	9,443,618.40
Finished Goods: Beginning	<u>75,459.10</u>
Cost of Goods Available for Sales	9,519,077.50
Finished Goods: Ending	<u>116,230.34</u>
Cost of Goods Sold	9,402,847.16
Gross Margin	<u>3,478,533.99</u>
Overhead	2,660,368.89
Non-Operating Income	(130,677.25)
Net Profit/(Loss)	687,487.85
Retained Earnings, Beginning of Period	<u>17,224.57</u>
Retained Earnings, End of Period	<u><u>704,712.42</u></u>

Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30,2002

Internal Operations – Draper

	Draper Manufacturing	Draper Services	CUCF	External Construction	External Services	Total
Sales	2,183,143.14	4,150,925.26	426,253.82	1,895,182.79	3,867,205.10	12,522,710.11
Service Fees	266,309.48	73,236.91	0.00	0.00	19,124.65	358,671.04
Raw Materials: Beginning	146,362.21	185,263.21	78,008.74	7,683.05	121,429.38	538,746.59
Raw Materials: Purchased	816,749.57	1,825,578.43	137,258.69	384,288.26	1,036,937.61	4,200,812.56
Freight	1,598.64	21,114.70	305.70	0.00	1,452.11	24,471.15
Raw Materials Available for use	964,710.42	2,031,956.34	215,573.13	391,971.31	1,159,819.10	4,764,030.30
Raw Materials: Ending	165,996.85	235,400.23	50,386.25	17,736.78	137,297.90	606,818.01
Direct Materials Used	798,713.57	1,796,556.11	165,186.88	374,234.53	1,022,521.20	4,157,212.29
Direct Labor–Staff	333,177.69	330,931.00	173,694.60	471,675.48	1,322,009.06	2,631,487.83
Direct Labor–Inmate	647,692.46	269,119.69	55,837.79	117,936.61	387,264.06	1,477,850.61
Direct Factory Overhead						
Travel	0.00	0.00	0.00	4,168.51	3,160.71	7,329.22
Contract Services	0.00	0.00	0.00	0.00	0.00	0.00
Rent/Lease	13,533.76	76.39	0.00	66,010.02	196,905.98	276,526.15
Repair/Supplies	7,810.19	47,515.56	511.40	6,934.20	41,575.52	104,346.87
Shop Supplies	37,477.94	104,956.29	22,561.03	259,118.05	48,613.06	472,726.37
Other Curr Exp	11,113.90	15,934.59	5,184.47	32,615.89	38,507.27	103,356.12
DP Curr Exp	412.39	8,521.91	159.55	324.25	304.25	9,722.35
DP Depreciation	0.00	43,625.64	0.00	0.00	0.00	43,625.64
Other Depreciation	27,638.44	53,388.85	9,451.33	17,128.42	30,005.52	137,612.56
Total Manufacturing Costs	1,877,570.34	2,670,626.03	432,587.05	1,350,145.96	3,090,866.63	9,421,796.01
Add Work in Process Beginning	19,963.20	41,099.39	4,928.80	0.00	1.25	65,992.64
Total Work in Process during the period	1,897,533.54	2,711,725.42	437,515.85	1,350,145.96	3,090,867.88	9,487,788.65
Deduct Work In Process Ending	15,207.00	26,506.25	2,457.00	0.00	0.00	44,170.25
Cost of Goods Manufactured	1,882,326.54	2,685,219.17	435,058.85	1,350,145.96	3,090,867.88	9,443,618.40
Finished Goods Beginning	17,213.70	4,844.94	31,680.30	0.00	21,720.16	75,459.10
Cost of Goods Available for Sale	1,899,540.24	2,690,064.11	466,739.15	1,350,145.96	3,112,588.04	9,519,077.50
Finished Goods Ending	67,101.10	0.00	10,997.10	0.00	38,132.14	116,230.34
Cost of Goods Sold	1,832,439.14	2,690,064.11	455,742.05	1,350,145.96	3,074,455.90	9,402,847.16
Gross Margin	617,013.48	1,534,098.06	(29,488.23)	545,036.83	811,873.85	3,478,533.99
Indirect Expenditures	(186,651.50)	(321,886.69)	(32,481.10)	(144,415.41)	(296,143.42)	(981,578.11)
General and Administrative Overhead	(320,090.35)	(552,006.40)	(55,702.13)	(247,659.30)	(507,859.03)	(1,683,317.21)
Non–Operating Income	0.00	(135,750.82)	0.00	0.00	9,600.00	(126,150.82)
Net Profit/(Loss)	110,271.64	524,454.15	(117,671.46)	152,962.12	17,471.40	687,487.85

Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30,2002

Internal Draper Manufacturing

	Case Goods	Duchesne	Seating	Northern	Total
Sales	1,076,744.50	0.00	518,267.50	588,131.14	2,183,143.14
Service Fees	0.00	0.00	0.00	266,309.48	266,309.48
Raw Materials: Beginning	94,819.26	0.00	51,542.95	0.00	146,362.21
Raw Materials: Purchased	500,795.70	0.00	315,953.87	0.00	816,749.57
Freight	183.37	0.00	1,415.27	0.00	1,598.64
Raw Materials Available for use	595,798.33	0.00	368,912.09	0.00	964,710.42
Raw Materials: Ending	108,955.06	0.00	57,041.79	0.00	165,996.85
Direct Materials Used	486,843.27	0.00	311,870.30	0.00	798,713.57
Direct Labor–Staff	134,466.58	8,823.82	85,473.90	104,413.39	333,177.69
Direct Labor–Inmate	55,916.14	0.00	12,842.66	578,933.66	647,692.46
Direct Factory Overhead					
Travel	0.00	0.00	0.00	0.00	0.00
Contract Services	0.00	0.00	0.00	0.00	0.00
Rent/Lease	13,533.76	0.00	0.00	0.00	13,533.76
Repair/Supplies	7,602.47	0.00	153.88	53.84	7,810.19
Shop Supplies	29,030.81	17.77	5,666.49	2,762.87	37,477.94
Other Curr Exp	6,556.34	85.77	522.00	3,949.79	11,113.90
DP Curr Exp	394.37	0.00	18.02	0.00	412.39
DP Depreciation	0.00	0.00	0.00	0.00	0.00
Other Depreciation	27,638.44	0.00	0.00	0.00	27,638.44
Total Manufacturing Costs	761,982.18	8,927.36	416,547.25	690,113.55	1,877,570.34
Add Work in Process Beginning	19,719.20	0.00	244.00	0.00	19,963.20
Total Work in Process during the period	781,701.38	8,927.36	416,791.25	690,113.55	1,897,533.54
Deduct Work In Process Ending	15,207.00	0.00	0.00	0.00	15,207.00
Cost of Goods Manufactured	766,494.38	8,927.36	416,791.25	690,113.55	1,882,326.54
Finished Goods Beginning	17,213.70	0.00	0.00	0.00	17,213.70
Cost of Goods Available for Sale	783,708.08	8,927.36	416,791.25	690,113.55	1,899,540.24
Finished Goods Ending	46,380.70	0.00	20,720.40	0.00	67,101.10
Cost of Goods Sold	737,327.38	8,927.36	396,070.85	690,113.55	1,832,439.14
Gross Margin	339,417.12	(8,927.36)	122,196.65	164,327.07	617,013.48
Indirect Expenditures	(82,049.34)	0.00	(39,492.66)	(65,109.49)	(186,651.50)
General and Administrative Overhead	(140,707.16)	0.00	(67,726.32)	(111,656.86)	(320,090.35)
Non–Operating Income	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	116,660.62	(8,927.36)	14,977.66	(12,439.29)	110,271.64



Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30, 2002

Internal Draper Services

	Data Entry	Micrographics	Print	Plate Plant	Metal	Cartridge	Sign	Total
Sales	119,343.29	43,991.55	1,058,164.06	1,903,049.48	0.00	1,699.58	1,024,677.30	4,150,925.26
Service Fees	0.00	0.00	0.00	0.00	0.00	0.00	73,236.91	73,236.91
Raw Materials: Beginning	0.00	0.00	26,502.26	49,070.29	1,187.99	2,107.94	106,394.73	185,263.21
Raw Materials: Purchased	0.00	0.00	459,793.59	906,357.76	(1,057.47)	(569.11)	461,053.66	1,825,578.43
Freight	0.00	0.00	2,180.89	264.76	0.00	17.94	18,651.11	21,114.70
Raw Materials Available for use	0.00	0.00	488,476.74	955,692.81	130.52	1,556.77	586,099.50	2,031,956.34
Raw Materials: Ending	0.00	0.00	34,755.63	92,354.61	1,070.60	0.00	107,219.39	235,400.23
Direct Materials Used	0.00	0.00	453,721.11	863,338.20	(940.08)	1,556.77	478,880.11	1,796,556.11
Direct Labor-Staff	39,637.93	35,041.06	114,139.90	69,956.28	0.00	0.00	72,155.83	330,931.00
Direct Labor-Inmate	31,096.25	3,598.45	59,403.59	15,612.44	22.47	175.83	159,210.66	269,119.69
Direct Factory Overhead								
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rent/Lease	0.00	0.00	0.00	29.70	46.69	0.00	0.00	76.39
Repair/Supplies	8,579.43	167.05	25,504.53	7,258.35	178.26	0.00	5,827.94	47,515.56
Shop Supplies	1,382.52	2,829.80	50,417.97	7,192.36	84.31	0.00	43,049.33	104,956.29
Other Curr Exp	3,979.72	1,136.92	710.09	1,514.79	26.60	0.00	8,566.47	15,934.59
DP Curr Exp	2,986.57	3,691.00	1,390.05	38.05	0.00	0.00	416.24	8,521.91
DP Depreciation	43,625.64	0.00	0.00	0.00	0.00	0.00	0.00	43,625.64
Other Depreciation	6,595.94	2,761.10	24,122.30	5,718.60	0.00	0.00	14,190.91	53,388.85
Total Manufacturing Costs	137,884.00	49,225.38	729,409.54	970,658.77	(581.75)	1,732.60	782,297.49	2,670,626.03
Add Work in Process Beginning	0.00	0.00	19,611.01	6,364.56	0.00	0.00	15,123.82	41,099.39
Total Work in Process during the period	137,884.00	49,225.38	749,020.55	977,023.33	(581.75)	1,732.60	797,421.31	2,711,725.42
Deduct Work In Process Ending	0.00	0.00	8,315.72	0.00	0.00	0.00	18,190.53	26,506.25
Cost of Goods Manufactured	137,884.00	49,225.38	740,704.83	977,023.33	(581.75)	1,732.60	779,230.78	2,685,219.17
Finished Goods Beginning	0.00	0.00	0.00	3,796.20	0.00	1,048.74	0.00	4,844.94
Cost of Goods Available for Sale	137,884.00	49,225.38	740,704.83	980,819.53	(581.75)	2,781.34	779,230.78	2,690,064.11
Finished Goods Ending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of Goods Sold	137,884.00	49,225.38	740,704.83	980,819.53	(581.75)	2,781.34	779,230.78	2,690,064.11
Gross Margin	(18,540.71)	(5,233.83)	317,459.23	922,229.95	581.75	(1,081.76)	318,683.43	1,534,098.06
Indirect Expenditures	(9,094.11)	(3,352.21)	(80,633.49)	(145,014.86)	0.00	(129.51)	(83,662.50)	(321,886.69)
General and Administrative Overhead	(15,595.58)	(5,748.74)	(138,279.10)	(248,687.30)	0.00	(222.10)	(143,473.58)	(552,006.40)
Non-Operating Income	(135,750.82)	0.00	0.00	0.00	0.00	0.00	0.00	(135,750.82)
Net Profit/(Loss)	(178,981.23)	(14,334.79)	98,546.64	528,527.78	581.75	(1,433.37)	91,547.35	524,454.15

Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30, 2002

CUCF Operations

	Computers	Textiles	CAD Services	Electronic Recycling	Total
Sales	123,255.81	200,878.59	4,333.77	97,785.65	426,253.82
Service Fees	0.00	0.00	0.00	0.00	0.00
Raw Materials: Beginning	22,658.58	55,350.16	0.00	0.00	78,008.74
Raw Materials: Purchased	30,899.05	103,212.56	0.00	3,147.08	137,258.69
Freight	285.45	20.25	0.00	0.00	305.70
Raw Materials Available for use	53,843.08	158,582.97	0.00	3,147.08	215,573.13
Raw Materials: Ending	9,015.63	41,370.62	0.00	0.00	50,386.25
Direct Materials Used	44,827.45	117,212.35	0.00	3,147.08	165,186.88
Direct Labor-Staff	52,547.27	58,922.06	16,373.08	45,852.19	173,694.60
Direct Labor-Inmate	14,093.38	16,039.13	7,284.88	18,420.40	55,837.79
Direct Factory Overhead					
Travel	0.00	0.00	0.00	0.00	0.00
Contract Services	0.00	0.00	0.00	0.00	0.00
Rent/Lease	0.00	0.00	0.00	0.00	0.00
Repair/Supplies	36.00	255.81	0.00	219.59	511.40
Shop Supplies	1,359.71	2,156.49	5,405.61	13,639.22	22,561.03
Other Curr Exp	1,406.01	2,100.76	0.00	1,677.70	5,184.47
DP Curr Exp	(102.00)	79.60	181.95	0.00	159.55
DP Depreciation	0.00	0.00	0.00	0.00	0.00
Other Depreciation	0.00	0.00	9,451.33	0.00	9,451.33
Total Manufacturing Costs	114,167.82	196,766.20	38,696.85	82,956.18	432,587.05
Add Work in Process Beginning	0.00	4,928.80	0.00	0.00	4,928.80
Total Work in Process during the period	114,167.82	201,695.00	38,696.85	82,956.18	437,515.85
Deduct Work In Process Ending	0.00	2,457.00	0.00	0.00	2,457.00
Cost of Goods Manufactured	114,167.82	199,238.00	38,696.85	82,956.18	435,058.85
Finished Goods Beginning	15,886.70	15,793.60	0.00	0.00	31,680.30
Cost of Goods Available for Sale	130,054.52	215,031.60	38,696.85	82,956.18	466,739.15
Finished Goods Ending	1,121.50	9,875.60	0.00	0.00	10,997.10
Cost of Goods Sold	128,933.02	205,156.00	38,696.85	82,956.18	455,742.05
Gross Margin	(5,677.21)	(4,277.41)	(34,363.08)	14,829.47	(29,488.23)
Indirect Expenditures	(9,392.25)	(15,307.21)	(330.24)	(7,451.39)	(32,481.10)
General and Administrative Overhead	(16,106.86)	(26,250.48)	(566.33)	(12,778.46)	(55,702.13)
Non-Operating Income	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	(31,176.33)	(45,835.10)	(35,259.65)	(5,400.39)	(117,671.46)

Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30, 2002

External Construction	Asbestos	Roofing	Construction	CAP Program	Total
Sales	677,842.15	507,922.10	709,418.54	0.00	1,895,182.79
Service Fees	0.00	0.00	0.00	0.00	0.00
Raw Materials: Beginning	7,683.05	0.00	0.00	0.00	7,683.05
Raw Materials: Purchased	124,055.17	24,057.93	236,175.16	0.00	384,288.26
Freight	0.00	0.00	0.00	0.00	0.00
Raw Materials Available for use	131,738.22	24,057.93	236,175.16	0.00	391,971.31
Raw Materials: Ending	12,741.20	0.00	4,995.58	0.00	17,736.78
Direct Materials Used	118,997.02	24,057.93	231,179.58	0.00	374,234.53
Direct Labor-Staff	204,623.91	127,707.14	134,529.37	4,815.06	471,675.48
Direct Labor-Inmate	56,495.45	21,955.86	36,448.16	3,037.14	117,936.61
Direct Factory Overhead					
Travel	713.00	2,123.64	644.57	687.30	4,168.51
Contract Services	0.00	0.00	0.00	0.00	0.00
Rent/Lease	28,729.14	20,446.53	16,834.35	0.00	66,010.02
Repair/Supplies	1,410.19	1,427.11	4,096.90	0.00	6,934.20
Shop Supplies	(24,699.52)	154,442.74	112,594.81	16,780.02	259,118.05
Other Curr Exp	22,405.02	4,571.31	5,598.37	41.19	32,615.89
DP Curr Exp	304.25	0.00	20.00	0.00	324.25
DP Depreciation	0.00	0.00	0.00	0.00	0.00
Other Depreciation	9,760.76	0.00	7,367.66	0.00	17,128.42
Total Manufacturing Costs	418,739.22	356,732.26	549,313.77	25,360.71	1,350,145.96
Add Work in Process Beginning	0.00	0.00	0.00	0.00	0.00
Total Work in Process during the period	418,739.22	356,732.26	549,313.77	25,360.71	1,350,145.96
Deduct Work In Process Ending	0.00	0.00	0.00	0.00	0.00
Cost of Goods Manufactured	418,739.22	356,732.26	549,313.77	25,360.71	1,350,145.96
Finished Goods Beginning	0.00	0.00	0.00	0.00	0.00
Cost of Goods Available for Sale	418,739.22	356,732.26	549,313.77	25,360.71	1,350,145.96
Finished Goods Ending	0.00	0.00	0.00	0.00	0.00
Cost of Goods Sold	418,739.22	356,732.26	549,313.77	25,360.71	1,350,145.96
Gross Margin	259,102.93	151,189.84	160,104.77	(25,360.71)	545,036.83
Indirect Expenditures	(51,652.46)	(38,704.33)	(54,058.62)	0.00	(144,415.41)
General and Administrative Overhead	(88,579.27)	(66,374.41)	(92,705.62)	0.00	(247,659.30)
Non-Operating Income	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	118,871.20	46,111.11	13,340.53	(25,360.71)	152,962.12

Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30, 2002

External Services

	CWC	Crack Sealing	FireFighters	Waste	Lone Peak	Meat	Land	Milk	HighTech	Total
Sales	860,017.15	310,524.44	623,988.03	442,247.00	37,169.17	587,747.02	21,757.12	916,666.32	67,088.85	3,867,205.10
Service Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,124.65	19,124.65
Raw Materials: Beginning	0.00	7,056.00	0.00	0.00	0.00	29,167.89	30,600.00	54,605.49	0.00	121,429.38
Raw Materials: Purchased	0.00	68,064.85	0.00	7,408.44	0.00	447,416.38	6,313.16	507,734.78	0.00	1,036,937.61
Freight	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,452.11	0.00	1,452.11
Raw Materials Available for use	0.00	75,120.85	0.00	7,408.44	0.00	476,584.27	36,913.16	563,792.38	0.00	1,159,819.10
Raw Materials: Ending	0.00	7,668.00	0.00	0.00	0.00	37,339.36	29,950.00	62,340.54	0.00	137,297.90
Direct Materials Used	0.00	67,452.85	0.00	7,408.44	0.00	439,244.91	6,963.16	501,451.84	0.00	1,022,521.20
Direct Labor--Staff	523,416.43	72,540.40	379,237.62	224,232.73	0.00	54,521.19	2,645.14	61,447.74	3,967.81	1,322,009.06
Direct Labor--Inmate	80,330.50	6,754.91	129,749.31	72,458.55	30,771.88	10,407.18	3,076.62	12,139.85	41,575.26	387,264.06
Direct Factory Overhead										
Travel	0.00	1,600.61	1,160.10	400.00	0.00	0.00	0.00	0.00	0.00	3,160.71
Contract Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rent/Lease	81,172.99	6,883.44	62,084.07	22,868.41	0.00	579.79	0.00	23,317.28	0.00	196,905.98
Repair/Supplies	9,622.73	2,214.60	16,785.58	532.73	0.00	1,125.99	0.00	11,293.89	0.00	41,575.52
Shop Supplies	4,853.75	4,725.34	22,739.45	35.69	186.36	3,780.02	1,213.03	11,079.42	0.00	48,613.06
Other Curr Exp	22,185.37	597.27	7,769.87	2,482.74	0.00	1,689.07	286.89	3,190.13	305.93	38,507.27
DP Curr Exp	0.00	0.00	0.00	0.00	0.00	304.25	0.00	0.00	0.00	304.25
DP Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Depreciation	0.00	4,530.00	0.00	0.00	0.00	1,259.28	501.84	23,714.40	0.00	30,005.52
Total Manufacturing Costs	721,581.77	167,299.42	619,526.00	330,419.29	30,958.24	512,911.68	14,686.68	647,634.55	45,849.00	3,090,866.63
Add Work in Process Beginning	0.00	0.00	0.00	0.00	0.00	1.25	0.00	0.00	0.00	1.25
Total Work in Process during the period	721,581.77	167,299.42	619,526.00	330,419.29	30,958.24	512,912.93	14,686.68	647,634.55	45,849.00	3,090,867.88
Deduct Work In Process Ending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of Goods Manufactured	721,581.77	167,299.42	619,526.00	330,419.29	30,958.24	512,912.93	14,686.68	647,634.55	45,849.00	3,090,867.88
Finished Goods Beginning	0.00	0.00	0.00	0.00	0.00	19,022.66	0.00	2,697.50	0.00	21,720.16
Cost of Goods Available for Sale	721,581.77	167,299.42	619,526.00	330,419.29	30,958.24	531,935.59	14,686.68	650,332.05	45,849.00	3,112,588.04
Finished Goods Ending	0.00	0.00	0.00	0.00	0.00	34,980.00	0.00	3,152.14	0.00	38,132.14
Cost of Goods Sold	721,581.77	167,299.42	619,526.00	330,419.29	30,958.24	496,955.59	14,686.68	647,179.91	45,849.00	3,074,455.90
Gross Margin	138,435.38	143,225.02	4,462.03	111,827.71	6,210.93	90,791.43	7,070.44	269,486.41	40,364.50	811,873.85
Indirect Expenditures	(65,534.43)	(23,662.37)	(47,548.70)	(33,699.80)	(2,832.34)	(44,787.09)	(1,657.92)	(69,851.17)	(6,569.58)	(296,143.42)
General and Administrative Overhead	(112,385.59)	(40,578.81)	(81,541.71)	(57,792.09)	(4,857.20)	(76,805.79)	(2,843.18)	(119,788.41)	(11,266.24)	(507,859.03)
Non-Operating Income	0.00	9,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,600.00
Net Profit/(Loss)	(39,484.65)	88,583.84	(124,628.38)	20,335.82	(1,478.61)	(30,801.45)	2,569.34	79,846.82	22,528.68	17,471.40



Utah Correctional Industries  
Profit/(Loss) Statement  
For the Year Ended June 30, 2002

Overhead	Draper Manufacturing	Draper Services	CUCF	External Construction	External Services	General and Administrative	Total
Expenditures (Allocated Overheads)							
Staff Salary	168,948.60	201,626.24	109,130.21	47,270.03	230,597.38	1,190,196.49	1,947,768.95
Travel	38.59	329.19	5.00	0.00	1,858.41	2,331.36	4,562.55
Inmate Salary	0.00	19,724.50	5,687.26	0.00	6,173.85	22,567.55	54,153.16
Contract Svs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rent/Lease	0.00	16,387.26	28,049.92	0.00	13,410.59	28,441.70	86,289.47
Repair/Supplies	0.00	7,094.31	950.22	0.00	19,482.68	10,089.53	37,616.74
Shop Supplies	550.46	7,396.40	3,232.28	0.00	9,498.43	22,717.52	43,395.09
Other Curr Exp	2,267.16	5,956.63	6,140.34	1,022.76	8,590.84	260,932.11	284,909.84
DP Curr Exp	0.00	2,313.60	86.00	0.00	314.75	72,039.73	74,754.08
DP Depreciation	0.00	5,429.74	0.00	0.00	0.00	11,643.72	17,073.46
Other Depreciation	0.00	22,434.44	0.00	0.00	29,580.04	57,831.07	109,845.55
Total Indirect Expenditures	171,804.81	288,692.31	153,281.23	48,292.79	319,506.97	1,678,790.78	2,660,368.89
Non-Operating Income	0.00	0.00	0.00	0.00	0.00	(4,526.43)	(4,526.43)
Net Income (Loss)	171,804.81	288,692.31	153,281.23	48,292.79	319,506.97	1,683,317.21	2,664,895.32

## **Note 1.           Summary of Significant Accounting Policies**

The accompanying interim financial statements for Utah Correctional Industries (UCI), have been prepared in compliance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board.

Preparation of the interim financial statements in compliance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The accompanying interim financial statements present the financial position of UCI, and the results of operations at UCI of a proprietary and nonexpendable trust fund. The financial statements are presented as of June 30, 2002, for the year then ended. The financial statements include the various shops and other organizational units of UCI.

### **Reporting Entity**

For financial reporting purposes, the annual financial statements of UCI are included in the State of Utah's Comprehensive Annual Financial Report. Also in accordance with Utah Code Unannotated 64-13a-8, UCI provides the accompanying financial reports to the Governor and Legislature.

### **Fund Accounting**

The financial activities of UCI are classified by the State of Utah as an Enterprise Fund. Enterprise funds account for operations similarly to a private business enterprise. They are also used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The intent of the State is that the cost of providing goods or services to the public on a continuing basis should be financed primarily through user charges.

An Enterprise fund includes those governmental and quasi-governmental agencies providing goods and services to the public on a charge-for-service basis. Utah Correctional Industries (UCI) was established to provide employment for offenders under the jurisdiction of the Utah Department of Corrections. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for its products and services.

### **Basis of Accounting**

The accounts of UCI are reported using the accrual basis of accounting. Under accrual

basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred. UCI applies all GASB pronouncements and all applicable FASB pronouncements issued on or before November 30, 1989.

### **Cash and Cash Equivalents**

Cash equivalents are carried at cost or amortized cost which approximate market values. Cash and cash equivalents reported on UCI's balance sheet are under the control of the State Treasurer as determined by law. Cash equivalents are considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Cash is controlled by the State Treasurer. Investments are made in compliance with the State Money Management Act. All cash deposited with the State Treasurer by state entities is managed in pooled investment funds to safeguard assets and to maximize interest earnings.

### **Receivables**

Accounts Receivables at UCI consist mainly of amounts due from cities, counties, and the federal government where collection is reasonably assured. Therefore, no allowance for doubtful accounts has been established.

### **Inventories**

Inventories of Raw material at UCI are determined by physical count as of June 30, 2002. Inventories are valued at the lower of cost or market.

### **Fixed Assets**

Building and equipment at UCI is depreciated on a straight-line basis over their estimated useful lives, which extends to 40 years on buildings and 3 to 12 years on equipment.

During the year UCI reviewed the fixed assets and determined that some of them were no longer useful, and should be removed:

Remodeling costs in buildings no longer used by UCI	\$ 47,921.19
Nixdorf Software	35,745.42
Acuity Software	46,575.00
Redacting Software	181,001.17

The remodeled buildings were originally used by UCI, but now have been turned over to the Division of Institutional Operations for their use. The Nixdorf Software was the operating system for Nixdorf computers used in the Data Entry section. That hardware was replaced by a local area network. The Acuity Software was a financial accounting system purchased three years ago and has never been used. The redacting software was for use in the Data Entry shop.

After extensive use it was determined that this software was not capable of providing the clarity required for inmate data entry. It was replaced with a copy machine.

In addition to these, a fully depreciated tar pot was sold for \$9,600.

### **Non-Operating Income (Loss)**

Non-Operating Income represents revenue to UCI that is produced from sources that are not considered the traditional revenue generating activities of UCI. This would include, but not be limited to, a small amount of inmate fines and inmate restitutions that come back to UCI on an annual basis. In addition, the write-off of the above mentioned equipment and the sale of the tar pot are shown as Non-Operating Income (Loss).

### **Prior Period Adjustment**

During the close out process a problem was discovered with the receivables section. Prior to FY 2001 the non-state accounts receivables were tracked in a different database. Beginning in FY 2001 the conversion from this database into the state's accounting was begun. In addition to the receivables, this account is also used as a clearing account for all journal entries written by UCI. After reconciling sales and collections for FY 2002, a residual amount was found in the receivables account. During the ensuing investigation, several journal entries were discovered not to have cleared the account – this goes back to prior years. In order to bring the receivables to reflect the actual amount left in this account, a prior period adjustment of \$62,220.32 was made. If this amount had been charged off in the current year, the Net Profit would have been reduced from \$687,487.85 to \$625,267.53.

### **Risk Management**

The State is self-insured against certain property and liability claims. The Legislature established the Risk Management Fund to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks.

**NOTE 2. Fixed Assets**

Changes in the Fixed Assets Accounting Group  
*(Expressed in Thousands)*

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2001
General Fixed Assets:				
Land	\$0	0	0	\$0
Buildings	2,051	22	48	2,025
Machinery & Equip.	2,406	70	279	2,197
Accumulated Depreciation	(2,105)	(360)	(255)	(2,210)
Construction in Process	0	0	0	0
Total Fixed Assets	2,352	(268)	72	2,012

**Note 3. Additional Schedules**

The following schedules have been included in UCI's financial report to fulfill the requirements of Utah code section 64-13a-11 and to facilitate the easy of reading the year-end financial statements. Utah code requires a statement of change in financial position, even though current GAAP requirements do not. UCI has fulfilled GAAP reporting requirement by publishing a cash flow statement, and the statement of changes in financial position, is included in the notes to fulfill the requirements of Utah Code section 64-13a-11.





# Acknowledgements

Compiled By

Alan James

Designed By

Inmate Brien Hoffhine

Printshop Supervisor

Jeff Woodall

Printed By

Inmates

Damon Mumford

Cliff Perry

*UCI would like to express thanks to all of the staff of the Division of Institutional Operations (DIO) for your help and support in getting inmates to their assigned work places every workday. Thank you!*



Utah Correctional Industries

**ServingYOU-tah...**  
Working to Make a Difference